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Next 1 Page(s) In Document Denied

CENTRAL INTELLIGENCE AGENCY

OFFICE OF THE DEPUTY DIRECTOR

*J. M. C.*

Even though this letter is personally  
addressed to you, shall I assume that  
MacEachin should go ahead and handle as  
he did last year????

*yes  
with  
D.*

de/4Mar

*for : Jim  
From: Dan Greig*

*FBI ER file*

**EXECUTIVE SECRETARIAT**  
**ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
	<u>A/DCI</u>		X		
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC		X		
10	GC				
11	IG				
12	Compt				
13	D/OCA	X			
14	D/PAO				
15	D/PERS				
16	D/Ex Staff		X		
17	NIO/ECON		X		
18	NIO/ <del>SSR</del>		X		
19	D/SOVA/DI		X		
20	C/ACIS/DI		X		
21					
22					
SUSPENSE		6 MAR 87 <small>Date</small>			

Remarks

STAT

Executive Secretary

727 FEB 87

Date

**3637** (10-81)

Executive Registry

87-0853x

# Congress of the United States

JOINT ECONOMIC COMMITTEE  
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 78TH CONGRESS)

Washington, DC 20510

February 25, 1987

Mr. Robert Gates  
Acting Director of Central  
Intelligence  
Central Intelligence Agency  
Washington, D.C. 20505

Dear Mr. Gates:

This letter is to invite you or your designate to testify in the Joint Economic Committee annual hearings on the Soviet and Chinese economies. This year, I plan to hold separate hearings on the Soviet Union and China, and am inviting you to the hearing on the Soviet Union on Thursday, March 19, 1987, at 10:00 a.m. in closed executive session. I hope to schedule hearings to discuss China in the near future.

I have been conducting annual hearings on this subject since 1974. This year, I will be holding the hearing as Chairman of the Subcommittee on National Security Economics. In last year's exercise, the CIA and DIA presented their assessments jointly on the same day. This worked well in my view and I want to use that approach again.

As you know, our respective staffs have had preliminary meetings to discuss topics and, as in the past, there has been good cooperation on all sides.

I am hopeful that in your presentation you will deal with Gorbachev's modernization program and present an assessment of the effects his policies have had on economic performance and prospects for the future. I understand your briefing will also cover the competing demands for military modernization, and the effects of efforts to modernize the economy on attitudes towards arms control. In that regard, I would like you to provide estimates of potential savings from arms control agreements such as those discussed at Reykjavik. I am also hopeful that this year we will have a more cohesive discussion of the Soviet defense sector, and the breakdown, on an unclassified basis, of Soviet allocations along functional lines such as strategic offense, strategic defense, conventional forces, naval forces, and the like so that we can understand the recent trends.

L-231-1R

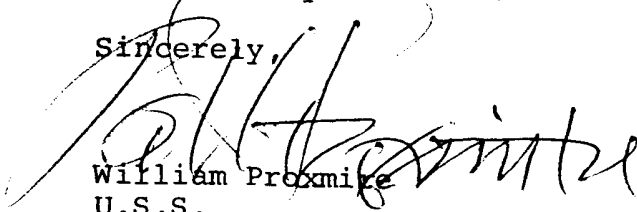
Mr. Robert Gates  
February 25, 1987  
Page Two

A key issue concerns the effects of economic modernization on the defense sector and the implications for the West. On balance, is it in our interests for Soviet attempts at economic reform and modernization to succeed or fail? What will be the likely consequences of Soviet success or failure for the United States?

Other important issues are in the area of trade. I would like to have a full discussion of Soviet external relations including recent trade initiatives, and the effects of changes on the terms of trade on the Soviet economy and on the government's command over goods and services during the past 10 years. I would also like to have for the record Soviet trade statistics broken down by country and region, including military transfers over the past 10 years. In this section, I would like you to discuss Soviet economic relations with China. Again, please provide all or as much as possible in unclassified form.

I would like to express in advance my appreciation for the substantial efforts that go into these presentations, and for your willingness to give us the benefit of your views.

Sincerely,



William Proxmire  
U.S.S.

WP:rkt

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PRIOR CORRES SENT TO: \_\_\_\_\_

- via 4/DCI

OTHER COMMENTS: \_\_\_\_\_

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CROSS REF: \_\_\_\_\_

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15	D/PERS				
16	D/Ex Staff		X		
17	NIO/ECON		X		
18	NIO/SSSR		X		
19	D/SOVA/DI		X		
20	C/ACIS/DI		X		
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DCI  
EXEC  
REG

L-231-15



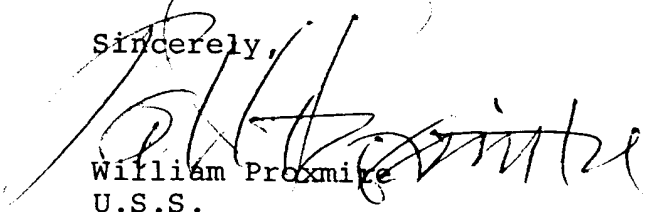
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Sincerely,



William Brock  
U.S.S.

WP:rkt